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ABSTRACT

This report was written by the President's Committee on the Arts and Humanities and offers suggestions to the President of the United States on ways to strengthen the system of support for the arts and the humanities in the United States. The document describes a vital cultural life as essential to a functioning democracy. It also examines the many aspects of the country's complex, interdependent support system which includes individual, foundation, and corporate support; government grants; and the many creative ways in which cultural organizations earn income. Included are over 50 recommendations in five categoriesor steps to the future: Educating our Youth for the Future; Investing in Cultural Capital; Renewing American Philanthropy; Affirming the Public Role; and Expanding International Cultural Relations. The report concludes with a selected bibliography. (KCM)

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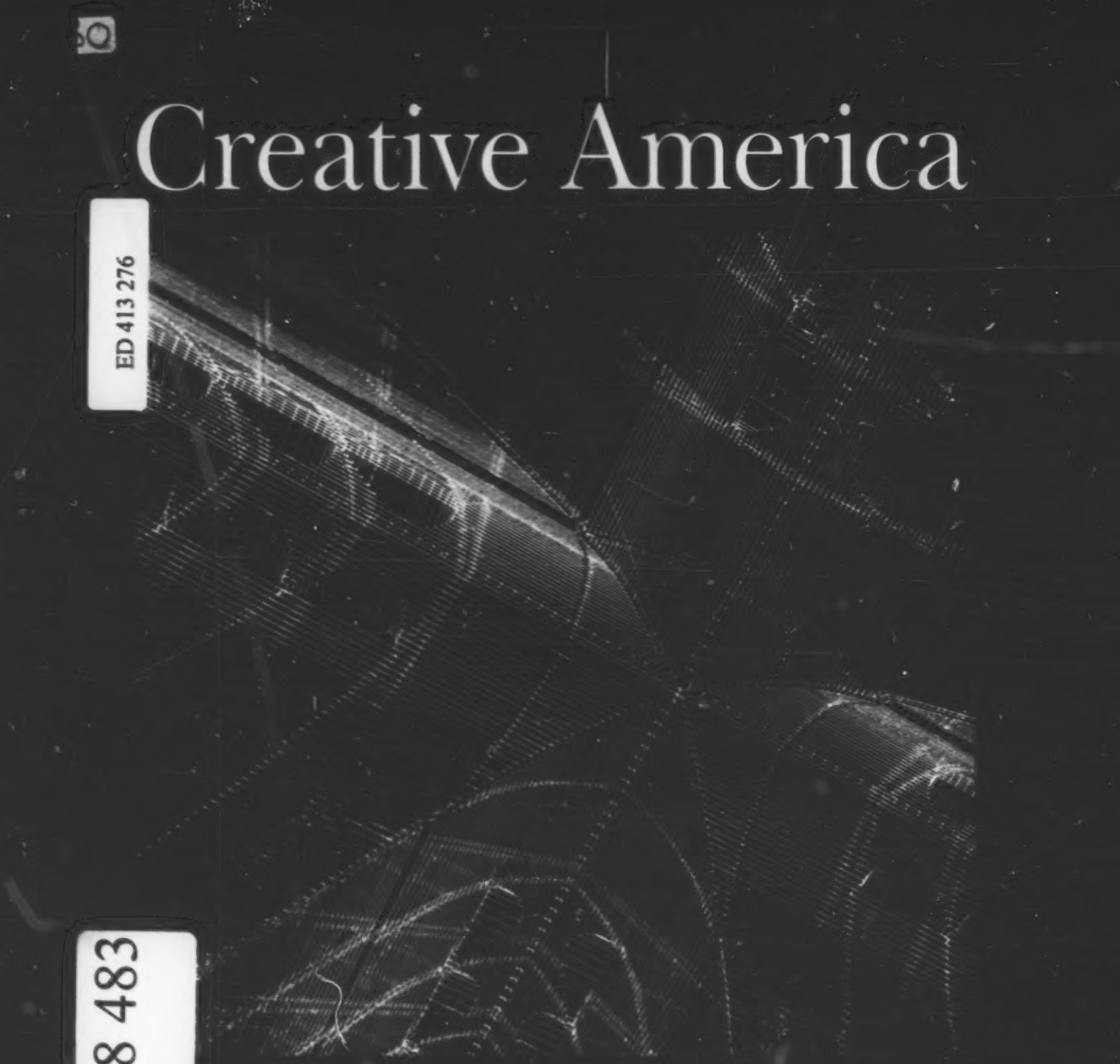
Creative America



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A REPORT TO THE PRESIDENT

by the President's Committee on the Arts and the Humanities

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The President's Committee on the Arts and the Humanities is a presidential advisory committee established by Executive Order to stimulate private sector support and public-private partnerships for the arts and the humanities and to raise public awareness of the benefits of culture to society. The President's Committee convenes experts, commissions research, publishes reports and conducts public meetings.

In September 1994 President Clinton appointed thirty-two private members and thirteen heads of federal agencies with cultural programs to serve on the President's Committee. The First Lady, Hillary Rodham Clinton, is Honorary Chair. Among its members are corporate executives, foundation presidents, artists, scholars and community leaders as well as the heads of national cultural agencies and institutions.

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Creative America

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This report was supported by grants from:

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Washington, D.C. 1997

Dear President Clinton,

I am honored to transmit *Creative America*, the report of your President's Committee on the Arts and the Humanities, concerning the system of support for cultural life in the United States today.

When you appointed the President's Committee, you asked us to prepare a report "articulating the fundamental and intrinsic values of the arts and the humanities" and describing the "cultural sector" and its contributions to American life.

As you requested, this report will summarize "what we know about trends in private funding and earned income that contribute most of the financial support" for cultural organizations. The report also addresses "the role of the federal government in the arts and the humanities." Finally, as you charged us, our report makes recommendations for "strengthening support for the arts and the humanities in the United States."

Creative America reflects the consensus of the members who serve on the President's Committee. Not every member agrees with every recommendation, but most of us are in accord with the main thrust of our analysis and with the suggestions we offer.

The members of our Committee approached this task with some common convictions. We affirm that a healthy cultural life is vital to a democratic society. We believe that a great nation must invest in its cultural development and preservation, just as it supports scientific discovery and protects natural resources.

America possesses rich "cultural capital" — an array of cultural institutions, traditions, and creative men and women who produce works of art and scholarship. Our citizens write, explore ideas, make art, celebrate their diverse cultures, and express themselves in uniquely American voices. The achievements of our artists and scholars are admired around the world.

To prepare this report, the President's Committee surveyed the size and scope of the lively arena of American culture. We define that arena broadly to embrace the multiple expressions and explorations that appear in the amateur, non-profit and commercial cultural worlds.

We found the commitment to support cultural activities a clear indicator of vital communities. We studied how cultural organizations are supported and asked what resources exist to encourage artists and scholars. Where traditional cultures still live, we found much to learn from observing how culture forms the basis of community life and is transmitted through generations.

America's cultural life shows remarkable signs of strength and vigor; it also displays many symptoms of stress.

Millions of Americans now have more opportunities to engage in cultural experiences than ever before. Especially over the last thirty years, the public and private sectors have combined resources to preserve cultural traditions, seed a flowering of cultural organizations across the nation, and prompt the creation of new American works of scholarship and art. For the past ten years, however, cultural organizations have been buffeted by several factors: an uneven economy, stagnating private contributions, and cuts in federal and some state support.

The members of the President's Committee undertook this report at a time of federal budget reductions and debate over the role of government in the nation's life. The history of private and public support for the arts and the humanities demonstrates that the United States has developed a complex, interdependent system of support that includes contributions from individuals, private foundations and corporations; from federal, state and local governments; and from the imaginative ways in which organizations and individuals earn income.

The President's Committee strongly asserts that this interdependent system of support for culture must be valued and strengthened, not denigrated and dismantled.

The portion of our cultural life preserved and produced through non-profit organizations cannot survive in the marketplace alone; it requires both public and private investment.

The findings and recommendations we transmit to you today represent a prescription for strengthening the system of support for the arts and the humanities in our country, a system we must sustain if our cultural institutions are to survive and our artists and scholars to thrive.

With these recommendations, we call upon you, Mr. President, and your administration, on Congress and other elected officials as well as on civic and corporate leaders and individual Americans, to work together to keep our cultural investment strong.

As you lead our country into a new century and the next millennium, you will also have a unique opportunity to lead a celebration that will enable our citizens to understand the past and to imagine the future. Our report proposes a Millennium Initiative to involve all Americans in preserving our cultural heritage and in appreciating creativity through the arts and the humanities.

We urge using the milestone of the millennium as a gateway to the future, strengthening cultural life in the United States by taking these major actions:

- A national initiative to renew American philanthropy for the arts and the humanities, and for other charitable purposes;
- An assessment of the nation's preservation needs and a plan to protect our cultural legacy;
- A public-private partnership to digitize cultural materials to make them available through new technologies;
- A series of measures to strengthen education in the arts and the humanities;
- An investment in national leadership through gradual increases in funding for the grant-making cultural agencies to reach a level of spending equal to $2 per person by the year 2000;
- A White House forum on enhancing knowledge of other countries and cultures, including international cultural and educational exchanges.

Members of the President's Committee believe that the actions we recommend for a Millennium Initiative will help sustain our cultural legacy and harness the creativity of Americans for a new century of hope and promise.

Mr. President, we are honored to have been invited to serve on the President's Committee and we stand ready to work with you to make real the recommendations we offer in *Creative America.*

Sincerely,

John Brademas

John Brademas, Chairman
President's Committee on the Arts and the Humanities

Romare Bearden 1951. Portrait by Roy deCarava.
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Creative America

PREFACE

Strengthening Democracy

Creative America reflects the conviction that a thriving culture is at the core of a vital society. The creative force of the arts and the humanities strengthens our democracy. The members of the President's Committee see the arts and the humanities as a "public good," which benefits all Americans, just as surely as does a strong educational system.

The President's Committee reviewed abundant evidence that participation in the arts and the humanities unlocks the human potential for creativity and lifts us beyond our isolated individualism to shared understanding. History, literature, ethics and the arts offer lessons on the human condition that connect individuals to the community and overcome the social fragmentation that many Americans feel. To remain a robust civil society, our democratic system needs the arts and the humanities.

The interconnection between culture and democracy is described by Benjamin Barber, who writes in an essay commissioned by the President's Committee that culture and democracy "share a dependency on one extraordinary human gift, imagination. Imagination is the key to diversity, to civic compassion and to commonalty. It is the faculty by which we stretch ourselves to include others, expand the compass of our interests to discover common ground, and overcome the limits of our parochial selves to become fit subjects to live in democratic community... It is only a mature democracy that fully appreciates these linkages.

"The arts and humanities are civil society's driving engine, the key to its creativity, its diversity, its imagination and hence its spontaneousness and liberty."

"A community lives in the minds of its members - in shared assumptions, beliefs, customs and ideas..."

Our economy is measured in numbers and statistics, and it's very important. But the enduring worth of our nation lies in our shared values and our soaring spirit. So instead of cutting back on our modest efforts to support the arts and humanities, I believe we should stand by them, and challenge our artists, musicians, and writers, our museums, libraries and theaters, to join with all Americans to make the year 2000 a national celebration of the American spirit in every community — a celebration of our common culture in the century that has passed, and in the new one to come in the new millennium, so that we can remain the world's beacon of liberty and creativity, long after the fireworks have faded.

— President Clinton, State of the Union Address, February 4, 1997

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writes John W. Gardner, founder of Independent Sector. "Every healthy society celebrates its values. They are expressed in the arts, in song, in ritual. They are stated explicitly in historical documents, in ceremonial speeches, in textbooks. They are reflected in stories told around the campfire, in the legends kept alive by old folks, in the fables told to children....Indeed, the Constitution, in addition to being an instrument of governance, is an expression of pledged values."

A society that supports the arts and the humanities is not engaging in philanthropic activity so much as it is assuring the conditions of its own flourishing.

The Richness of American Culture

Our cultural heritage defines us as Americans and reflects the diversity of our people. The promise of democracy and the interactions of many peoples helped to create new ideas and artistic expressions that are uniquely ours. America is indeed a country of creators and innovators. We register 550,000 copyrights for music, art, manuscripts and software a year and publish 62,000 books.

When we use the word "culture" in this report, we mean those forms of human creativity that are expressed through the arts and those disciplines of the mind described as the humanities, most notably history, languages, literature and philosophy.

AMERICA PARTICIPATES

In 1996, our nation could count:

- over 8,000 museums including 4,510 historic sites and history museums
- over 30,000 libraries (counting branches)
- 3,665 institutions of higher learning
- 2,000 local preservation commissions
- 351 public television stations
- 548 public radio stations
- 7,000 community theaters
- 1,800 symphony orchestras

By American culture, we mean both Pueblo dancers and the New York City Ballet; the local historical society as well as the History Department of Harvard University; the church choir and the St. Paul Chamber Orchestra; the lone scholar in her cubicle and the citizen debate in a Town Hall. Within American culture, we embrace the treasures preserved in our museums and libraries, the diverse heritage of our many ethnic communities, and the dynamic power of our entertainment industry.

Historian Merrill Peterson writes in an essay for the President's Committee: "The uprooted of America mingled with those whose presence told the story not of choice and freedom but of force and tears — the Native Americans displaced on their own continent and the Africans involuntarily uprooted from another. The amalgam made the United States, in Walt Whitman's phrase, a nation of nations. The steady influx of new peoples and culture — in time Asian and Latin American as well as European and African — contributed to the shaping of a dynamic tradition, one continually faced with the challenges of ethnic and cultural differences...and enriched by the mixture of new elements in its composition."

Indeed, the President's Committee notes that the cultural sector is one of the most integrated areas of American life. "Our diversity is our strength and the foundation of what is uniquely American in art and culture, including jazz, American dance, Twain, Faulkner, Broadway, the Grammy Awards, Richard Wright, and Leontyne Price," author Lerone Bennett, Jr. reminds us.

We use the metaphor of the "border" to describe the combinations and innovations in American cultural development. The perimeter along which opera lived with popular song yielded musical theater. The border between black and white Americans gave us blues, jazz, and rock n' roll. It is the border of Texas and Mexico that nurtured the tradition of Tejano music and cuisine. The line along which art and technology touch energizes our film, broadcasting and recording industries. Where photography and the tape recorder meet history, knowledge is informed by personal narrative.

Today, the distinctly American achievements of our artists and humanists are recognized throughout the world. The Declaration of Independence, the writings of Abraham Lincoln, the speeches of Martin Luther King, Jr. draw on the traditions of humanistic thought and all exert influence beyond the confines of our country. Jazz, musical theater, modern dance, film, abstract expressionism and the American novel are among our gifts to civilization.

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Appreciation and Organization of Culture

Americans enjoy the arts and the humanities in many ways that are woven into the fabric of everyday life. Our citizens encounter culture every day, when they pass an historic building, read an op-ed piece which illuminates an issue, listen to country music on the radio, enjoy the design of a computer program, or feel moved by a powerful story on screen or stage. When the high school band plays in the Fourth of July parade or a minister preaches about ethical values, people do not think, "I am having an arts and humanities experience." But, in fact, these experiences are rooted in the arts and humanities. They are the everyday signposts that point to how creative and reflective experiences are deeply embedded in our lives.

How many citizens are involved in cultural pursuits? No complete statistical portrait of audiences can be painted, but the data suggest that the number is very large. Bureau of the Census surveys in 1992 indicate that 42% of the population attended theater, opera or the ballet, heard a jazz or classical concert, or visited a museum or a commercial art gallery. Hundreds of thousands of Americans participate in amateur theater, gospel groups, book clubs and library discussions. Amateur folk dancers abound, as do woodcarvers, quilters and photographers. Americans buy books and go to the movies in droves. Just a few indicators of this hunger for cultural experiences emerge from President's Committee research:

- Over a quarter of a million Americans care enough about preserving their architectural legacy to become dues-paying members of the National Trust for Historic Preservation.
- Over the past decade, two million adult readers took part in reading and discussion groups organized by the American Library Association, state humanities councils, and local libraries.
- Museums of all types report large increases in attendance. *The Age of Rubens* exhibition attracted a quarter of a million visitors to the Toledo Museum of Art in Ohio — the largest attendance in the Museum's 93-year history. Neither the shutdown of the federal government nor the blizzard of 1996 could deter thousands of people from standing in line for hours for a chance to view the Vermeer show at the National Gallery of Art in Washington, D.C.

In 20th century America, especially in the last 30 years of the public-private partnership that sustains cultural life, we have seen a remarkable flowering of the arts and the humanities. There are more opportunities than ever before for our citizens to participate in and be enriched by cultural experiences.

The world of informal cultural groups is an important aspect of American culture that is understudied and often overlooked. A San Francisco foundation survey of "informal arts groups" reported over 100 ethnic dance companies in the Bay Area alone. In 1996, the Tennessee Arts Commission identified over 300 active bluegrass, gospel and blues groups. A blues magazine counts 140 annual blues festivals in the United States, most organized by volunteers.

The intensity of these attachments to specific art forms, local historical traditions, and all-kinds of neighborhood and ethnic organizations demonstrates how the arts and the humanities continually renew themselves and their communities.

Interplay of Amateur, Non-profit and Commercial Culture

In the United States, amateur, non-profit and commercial creative enterprises all interact and influence each other constantly. A mariachi music revival, supported with government grants, goes mainstream as the popular groups produce recordings. Non-profit presses now publish much of the poetry and experimental fiction that commercial publishers used to present. Popular history books and television programs draw on scholarly research. The strains of Aaron Copland and Shaker hymns are heard on television advertising. Visual artists recognized in museum shows are then represented by commercial galleries; the reverse is also true.

This flowing exchange among the amateur, non-profit and commercial segments of culture deserves special attention because it expands our understanding of how culture operates and of the many avenues for participation. The President's Committee observes that amateur activity enlivens community life and cultivates deeper appreciation of the arts and the humanities. Non-profit organizations offer some separation from marketplace demands, allowing the artists and humanists whom they employ to experiment, develop followings for new productions and revive historical material. Commercial enterprises require substantial investment and take significant risks; many have succeeded in bringing new talent to greater audiences, widening opportunities for American designers, writ-

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ers, historians, musicians, dancers, actors and others. Commercial firms influence the rest of culture and are influenced by it.

Oprah Winfrey's new television "Book Club" is a dramatic example of the dynamic between the ability of the entertainment industry to reach a large audience and the public hunger for ideas and literary content. Oprah's first book selection, Jacquelyn Mitchard's *The Deep End of the Ocean*, leaped to the New York Times bestseller list. Oprah's second choice, Toni Morrison's *Song of Solomon*, a book about the black experience in America, more than matched this success. Following Toni Morrison's appearance on the Opera Winfrey show, 16,070 books were sold in one day. *The Washington Post* reported that *Song of Solomon* is now being sold at Wal Marts and Price Clubs, "places no Nobel winner has ever been."

The interplay between non-profit and commercial arts is dramatically revealed in the relationship between non-profit theaters and Broadway's commercial theaters. Because the economics of Broadway work against the development of plays, the task of producing much new work falls to the nation's non-profit regional theaters. Over the past twenty years, 44 percent of the new plays produced on Broadway originated in the non-profit sector. We note that the peak period of importing plays from non-profit theaters — the mid 1970s and early 1980s — coincided with the high point of grant-making activity by the National Endowment of the Arts to regional theaters.

Over the past twenty years, 44 percent of the new plays produced on Broadway originated in the non-profit sector.

Hollywood, too, draws upon stories and talent developed in the non-profit sector, although there are no studies which describe this relationship precisely. Examples of plays produced in non-profit theaters and later made into movies are: *Driving Miss Daisy*, *Gin Game*, *On Golden Pond*, *Children of a Lesser God*, *Glengarry Glen Ross*, and *Prelude to a Kiss*.

In publishing — where the United States is the largest market for books in the world, with sales reaching an estimated 20 billion dollars in 1995 — there is also a close relationship between the non-profit sector and the commercial field. In the last 35 years, commercial publishers have become part of large conglomerates which, emphasizing higher profit margins and more rapid returns on their investments, concentrate resources on mass market books. New work in fiction, poetry, translation and on scholarly subjects is now published by literary journals, universities or independent presses. The smaller and non-profit presses have become the stepping stones for many writers on their way to public attention. In 1996, only one of the nominees for the National Book Award in poetry emanated from a large commercial publisher; the other nominees were published by non-profit and other small presses.

There are other examples of the interrelatedness of cultural production. For many painters and sculptors, success in a commercial gallery is preceded by years of hard work with non-profit venues in college galleries or community centers. The sheet music and instruments produced by commercial publishers and manufacturers have a solid market among amateur and non-profit musical groups and schools.

We note that the copyright industries — motion pictures and television, the music recording industry, publishing and advertising, and computer software — constitute one of the fastest growing segments of the American economy. The motion picture and television industry has already become one of the most significant export industries in the United States and has supplanted the aerospace and defense industry as the leading employer in the Los Angeles area. The entertainment industry is a dynamic force in the business world, linked to a wide array of other industries, such as telecommunications, consumer products, retail and fashion.

The relationship these brief examples imply is one that should be examined with more research. The President's Committee urges a greater dialogue among the amateur, non-profit and commercial creative sectors to explore their common interests, cooperate to preserve cultural material, and perhaps form new partnerships to present the arts and the humanities to a wider public.

We believe that the future vitality of American cultural life will depend on the capacity of our society to nourish amateur participation, to maintain a healthy non-profit sector, and to encourage innovation in commericial creative industries.

Interdependent Support System

The nation's cultural support system is a complex structure pieced together from many different sources: earned income; contributions from individuals,

corporations and foundations; and grants from local, state and federal governments. The entire system is interdependent, operating in "synergistic combination," with public and private donor sectors influencing each other and funding different parts within the whole.

Cultural life is affected by the same forces as the rest of society. Factors such as the rate of economic growth, income inequality, stresses on leisure time and a decline in the habit of civic participation all affect active involvement in the arts and the humanities and the earned income of cultural organizations. A strong economy means more discretionary income for cultural experiences, travel and entertainment. Continued economic growth boosts the endowment funds of arts and humanities organizations fortunate enough to have them.

Held up by a fragile web of many interdependent strands of support, non-profit cultural organizations are as sensitive to these factors as are other non-profit organizations at the heart of America's public life. This extensive not-for-profit sector is independent of government, yet often carries out joint purposes with federal, state and local governments. There are thousands of such organizations in this country, providing health care and other services, educating youth, conserving history and presenting our culture. Millions of Americans participate in or are employed by this sector, whether they work at a library, help build houses for low-income citizens or serve as guides in museums.

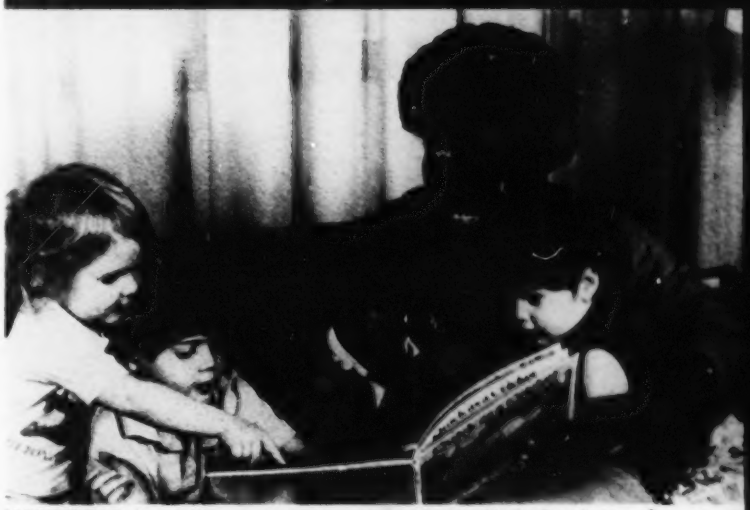
Like other non-profit entities, cultural organizations exist for public benefit rather than to make money. Unlike business enterprises, no part of their "net earnings...inures to the benefit of any private shareholder or individual." (IRS code) And as part of the non-profit sector, cultural organizations will never earn enough money to cover all their expenses. They do not survive in the marketplace alone. As Arthur Schlesinger, Jr. said in his 1988 Nancy Hanks Lecture, "...the most precious institutions in society — our schools, universities, hospitals, clinics, libraries, museums and churches — are precisely those that do not earn their own way. All are characterized by the fatal gap between earned income and operating costs. Our civilization depends on activities that enrich the nation even if they do not meet the box office test."

It is difficult for some Americans to accept the notion that the portion of our cultural life that is nurtured by non-profit organizations requires subsidy. Why subsidy is necessary has been persuasively explained by economist William J. Baumol in his analysis of the performing arts. The arts are "handicraft activities," not affected by labor-saving progress. Cultural organizations cannot reduce labor costs or increase productivity enough to make up for inflation.

This "cost disease" means that non-profit cultural organizations never earn as much as they spend. Colleges and universities are in a similar situation; tuition cannot possibly cover the entire cost of educating students. Some highly valued institutions in our society, such as libraries and research institutions, have few sources of earned income.

Our complex, interdependent support system relies heavily on private contributions. Yet there are worrisome signs that new generations and newly profitable businesses are not carrying on the ethic of giving. We see a need for the renewal of American philanthropy. We also believe that families, and religious, educational and charitable organizations have a responsibility to teach the ethic of philanthropy and voluntarism: to reinforce the understanding that people have the obligation to support that from which they derive benefits.

Although government does not play the major role in funding culture, government influences cultural development in many ways. The health of non-profit organizations — including private foundations — depends in no small part on government policies that value their role in society and help them to flourish. If the role of the



MOTHEREAD, Inc., a literacy project supported by the North Carolina Humanities Council, teaches reading skills in a family setting.
Photo courtesy, MOTHEREAD, Inc.

We conclude, however, that there is no "silver bullet," no new source or structure that will replace the complex support system that is so unique to America.

federal government in cultural development is modest, it is nonetheless critical. For government funding is a signal to the rest of society that a vital culture is worth supporting.

The increased needs of our society mean that many worthy causes are competing for both government funds and private contributions. The President's Committee investigated many ways for cultural organizations to earn more income and to develop new sources of financial support. We found some room for expanding earned income. And there are ideas for new resources that merit more exploration. We conclude, however, that there is no "silver bullet," no new source or structure that will replace the complex support system that is so unique to America and that generates such a wealth of cultural capital.

The Cultural Sector: Assets and Deficiencies

In preparing *Creative America*, the President's Committee examined the strengths and weaknesses of our cultural support system. Although millions of Americans participate in the humanities and the arts every day and find their lives and communities enriched, there are still barriers that inhibit participation. We are particularly concerned about cultural activities in the non-profit realm, for without private or public support they cannot be sustained. In size, scope and participation, the cultural sector demonstrates vitality; but it also shows symptoms of stress and instability that must be addressed if we are to preserve cultural capital and encourage new creativity for the next century.

The United States begins these tasks with significant assets in place:

- resilient and innovative cultural organizations
- a rich variety of cultural communities and traditions
- talented and dedicated artists and scholars
- compelling findings that demonstrate the positive effects of arts and humanities education on children's learning and behavior
- a tradition of giving and volunteering
- increasing local and state support for the arts and the humanities
- a dynamic entertainment industry that employs creative talent and has the potential for partnerships with the non-profit sector.

The deficiencies in our cultural development include:

- fragile and threatened cultural institutions
- loss of cultural heritage and traditions
- undercompensated and under-employed artists and scholars
- lack of meaningful arts education for a substantial number of children; weakening of the humanities core curriculum
- economic pressures on Americans' discretionary incomes, pressures on leisure time
- stagnating philanthropy and voluntarism
- a lack of value for the role of culture in society, signalled by the federal government's reduced commitment.
- a climate of intolerance for challenging works and ideas.

The members of the President's Committee believe that America's future will be strengthened by a renewed commitment to our cultural life. Fortunately for our citizens, the United States is prospering today. The nation is at peace and although not everyone is sharing in its benefits, the economy is growing. If as a society we value the contributions of the arts and the humanities, we can afford to invest in them. We are rich in resources and spirit; we can afford to champion a Creative America.

Creative America

RECOMMENDATIONS

Assuring Cultural Leadership in the New Millennium

At the convergence of a new century and a new millennium, America will reflect on its past and celebrate the future. What better way to understand the lessons of history and to imagine the future than through the humanities and the arts? Our cultural heritage defines us as Americans. The history of each American is America's history. We are a "nation of nations" — a people of peoples from different backgrounds who have forged common bonds. The years leading up to 2000 are a time during which we can examine the abundant terrain of human thought and expression to find ideas, images and stories of significance to our lives. We can use the arts and the humanities to connect us to our past and to reveal the future in all its possibilities.

The 20th century has witnessed a burst of American creativity. The United States now stands as a world leader in the arts and the humanities as well as in the scientific, economic, and political realms. The millennium provides an opportunity to ensure the continued greatness of our national cultural life and preserve our accomplishments for future generations. We in the United States must seize this moment to take stock of what our country has achieved in the arts and the humanities and to summon our best artists and scholars to envisage our future.

As we approach the next century, the White House can provide special leadership, through a national Millennium Initiative, for the American people to appreciate our common heritage and rejoice in our creativity. Led by the President, this Millennium Initiative would celebrate American ideas and art, culminating in a magnificent series of events spanning the years 2000 to 2001.

Historical precedents — such as the Columbian Exposition of 1893 in Chicago which commissioned new work by America's leading artists and architects and convened an international congress of scholars

The creative thought process at work in a workshop at the High Museum of Art in Atlanta, Georgia.
Photo courtesy of High Museum of Art

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and scientists, or the centennial celebration of American Independence in Philadelphia in 1876 — demonstrate that anniversaries can leave lasting marks on the nation's cultural landscape. Great Britain and other countries are already preparing their own impressive national undertakings, providing funds for new museums, performing arts centers and educational programs that will enrich their cultures for years to come.

Americans deserve no less a commitment to their future. The arts and the humanities in the United States face serious problems today. There are financial and other threats on the horizon that, if not confronted, will undermine our artistic and educational institutions and their accomplishments. The Millennium Initiative could address many of these threats.

The President's Committee recognizes that one of the major challenges today is the need to respect our ethnic and cultural differences while embracing the commonalities that define us as Americans. We believe that the arts and the humanities provide particularly effective means to create understanding among the diverse cultures that make up American society.

A Millennium Initiative offers another opportunity to provide access to our cultural heritage through new technologies. The President and Vice President have issued a challenge to connect every library, schoolroom and child to the Internet by the year 2001. New technologies will not reach their full potential unless enriched by cultural content. If access to libraries, museums, archives and performing arts centers can be made available to every American, no matter how distant from major cultural centers, the possibilities for learning and enlightenment are exciting.

LAUNCHING THE MILLENNIUM INITIATIVE

Actions Recommended

The President's Committee proposes that the United States observe the passage to the next century and the next one thousand years with a national Millennium Initiative to celebrate American ideas and artistic achievement. The prestige of the White House makes it the logical focal point for this initiative. Presidential leadership would give crucial impetus to this national cultural celebration and enable it to reach all segments of our society.

- We recommend that the President lead the Millennium Initiative by calling upon individual citizens, local communities, state governments, federal agencies, and private sector partners to create Millennium programs that reflect upon and celebrate America's unique cultural heritage.
- We recommend that over the next four years, the White House showcase outstanding examples of American art and scholarship.
- We further recommend that the President call upon citizens in every community to identify their local traditions, history and folk creations that should be preserved as our legacy to the 21st century.
- We recommend that the commercial and nonprofit organizations that produce or own much of our cultural material take steps to preserve their holdings for future generations.
- We recommend that new artistic work and scholarship be commissioned to celebrate the Millennium and to envision the future.
- We recommend the creation of public-private partnerships to ensure that America's cultural resources be made available through new interactive technologies such as the Internet and the World Wide Web. The Millennium Initiative could use these technologies to invite the participation of Americans in every part of the nation.

The President's Committee pledges its support to find ways to implement these recommendations over the next four years.

As part of the proposed Millennium Initiative, the President's Committee offers five sets of recommendations we believe will enable the United States to sustain its rich cultural heritage into the next century. These five steps to the future that Americans can take together are:

- Educating Our Youth for the Future
- Investing in Cultural Capital
- Renewing American Philanthropy
- Affirming the Public Role
- Expanding International Cultural Relations

EDUCATING OUR YOUTH FOR THE FUTURE

Findings:

The President's Committee believes the arts and the humanities should be part of the education of every child in America. The disciplines of the humanities and the arts are as essential to a complete education as mathematics and science. To encourage creativity and critical thinking and to instill a love of learning as well as impart basic skills — all are goals of an American education. The disciplines of the humanities such as history, philosophy and literature help students develop the critical thinking they will need to participate in our democracy. Through the arts students learn to express ideas in non-verbal forms, create multiple solutions to problems, and work collaboratively. Both the humanities and the arts develop skills that are needed for a competitive workforce in the next century.

Despite progress in some areas, the United States is not meeting the bipartisan educational goals set by the nation's governors and affirmed by two successive administrations. Arts education is underfunded and humanities subjects are not adequately taught. America can and must do better for its students now and by the year 2000.

Arts Education Today

In K-12 education some positive steps are being taken to strengthen arts education at the national and state levels. Forty-four states and the District of Columbia have adopted voluntary national standards in the arts as outlined in the Goals 2000: Educate America Act. The President's Committee supports these efforts to balance local control of education with the development of high voluntary standards and benchmarks in visual arts, dance music and theater.

The decision to include regular evaluations of student knowledge of the arts in the National Assessment of Educational Progress, a diagnostic test administered by the United States Department of Education, is a welcome step forward.

Although the arts are recognized as an essential part of the curriculum in the Goals 2000 legislation, the gap between that goal and the actual practice of arts education in classrooms is wide. Arts education in many of the nation's 15,000 school districts remains impoverished or non-existent. Many school systems, including those in our largest urban centers, do not employ enough specialists to teach the disciplines and history of the arts, even where such instruction is required.

In schools that do offer the arts, music and the visual arts are more common than dance and theater. Many schools give their music and art teachers astronomical student loads and unmanageable class sizes while asking these teachers to travel to different schools every week. In Boston elementary schools, one music teacher is responsible on average for over 800 students. In Denver the ratio is one to 700 students; in Montgomery County, Maryland, one to 557 students. The average amount of time spent on music has fallen by 29% in the last 35 years, and most elementary schools with music programs offer less than 90 minutes a week, the minimum time necessary for proficiency.

Our nation's future cultural life depends on the kind of education our young people receive today. Arts education is one of the strongest predictors of later audience participation. Without providing meaningful arts education, we rob generations of the potential to enjoy the arts throughout their lives, and our cultural institutions will face huge challenges in

Young cellist.
Photo courtesy of The Toledo Symphony, Toledo, Ohio.

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developing the audiences, volunteers, and donors of tomorrow.

Humanities Education Today

The President's Committee recognizes that many of the disciplines of the humanities are included in the school curriculum; history and literature are often required subjects. The teaching of literature, American and world history, and foreign languages must be dramatically improved, however, to prepare American students for the world and workplace of the 21st century.

For example, the National Education Goals Panel — the bipartisan national group that annually measures educational progress and issues the "nation's report card" — found that only one of every ten high school seniors in 1994 demonstrated proficiency in American history.

The study of modern foreign languages at all levels is woefully inadequate. In recent years the study of Russian, and even German and French, has been declining in the nation's colleges. Although the study of Japanese has risen in recent years, only slightly more than 1,000 students pursue the language beyond the second year, unlike the nearly universal and intense study of English in Japanese schools.

Business firms report that many high school graduates enter the job market without adequate reading comprehension and with limited abilities in oral and written expression. Colleges and universities are compelled to spend too much time on remedial work. Without basic reading and writing skills, any appreciation of the humanities is severely limited.

In the nation's colleges and universities, the humanities curriculum, which with science and mathematics should be at the heart of a college education, is shrinking while vocational and preprofessional courses are increasing.

The 1991 SCANS Report issued by the U.S. Department of Labor and the business community called for certain competencies and skills needed for solid job performance.

Competent workers in the high-performance workplace need:

- **Basic Skills** — reading, writing, arithmetic and mathematics, speaking, and listening.
- **Thinking Skills** — the ability to learn, to reason, to think creatively, to make decisions, and to solve problems.
- **Personal Qualities** — individual responsibility, self-esteem and self-management, sociability, and integrity.

—from U.S. Department of Labor, the Secretary's Commission on Achieving Necessary Skills, *What Work Requires of Schools: A SCANS Report for America 2000*

The President's Committee believes many communication, thinking, and management skills are enhanced by the arts and the humanities.

Research on the Arts, Humanities and Learning

Researchers are demonstrating there are many ways that children learn; teachers can reach students through their spatial, musical, kinesthetic and linguistic "intelligences." Educators observe that students develop creative thinking through the arts and transfer that capacity to other subjects. Studies also show that when the arts are a strong component of the school environment, drop-out rates and absenteeism decline.

When offered a challenging arts curriculum, children with special talent can excel in such schools as the Duke Ellington School for the Performing Arts in Washington, D.C. or the North Carolina School of the Arts.

Research shows that schools offering the arts in their basic curricula can measure improvements in learning. The College Board reported that students who studied the arts for more than four years outperformed non-arts students on the Scholastic Aptitude Test (SAT). A study in Rhode Island of first graders who participated in special music and visual arts classes demonstrated that their reading and mathematics skills increased dramatically compared to students without this enhanced curriculum.

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Although research on how the arts help students learn continues to appear, more resources are needed to document more fully the benefits of arts education.

An evaluation of the Los Angeles "Humanitas Program," a broad humanities curriculum relating literature, social studies, and the arts, showed impressive gains by the participants. With 3,500 students involved in this project, the Humanitas Program students wrote essays of higher quality, showed more conceptual understanding of history, and made more interdisciplinary references than students not in the program.

The President's Committee observes a link between education in the humanities and the active participation of citizens in our democracy. Our common principles of individual freedom, equality of opportunity and self-governance can be kept alive only by a culturally alert and reflective people. Knowledge of history, literature, philosophy and languages develops the skills of reason, clear expression and informed choices that characterize effective citizenship.

In Our Communities

While the President's Committee is concerned about the preparation of all American children for the future, we take special note of the millions of children growing up in poverty. These children are the most likely to attend inadequate schools, fall behind in their schooling, and live in resource-poor communities. If these students fail to learn, there will be grave consequences not only for their lives but for our entire society as well.

The power of the arts and the humanities to develop creativity, help close the "opportunity gap," and prepare all children for productive futures is well-documented in the Committee's report, *Coming Up Taller: Arts and Humanities Programs for Children and Youth At Risk.* This study reveals the often heroic work that many arts, humanities and community organizations perform to serve at-risk youth. More public and private investment in these programs can provide creative alternatives to destructive behavior and divert some young people from gangs, drug use, crime and other anti-social behavior.

The evidence indicates that important learning through the arts occurs in programs outside the schools. A ten year study of community-based youth organizations documented the power of the arts to transform educational achievement. When compared to a national sample, youth participating in programs with arts activities were twice as likely to win an academic achievement award, four times more likely to participate in a science or mathematics fair, and eight times more likely to receive a community service award.

Partners in Learning

Business groups are taking a leading role in the national effort to reform American education. Many corporate executives understand that today's competitive international marketplace demands workers whose education develops their critical thinking, problem-solving abilities, creativity and interpersonal acumen. The humanities and the arts are essential to cultivating these attributes.

Many private foundations are devoting resources to imaginative models to improve humanities curricula, to integrate the arts into schools and to create partnerships between schools and cultural organizations. The Getty Education Institute for the Arts spearheaded the Ohio Partnership for the Visual Arts, one of seven such coalitions, by working with Ohio State University, local foundations, and four school districts to prepare visual arts teachers to integrate aesthetics, criticism and history into art-making in the classroom.

Professional Development

Teachers in the arts and the humanities need the time and resources to participate in professional development to enrich their own knowledge and to gain practical ideas for their classrooms. At the community level, innovative partnerships have formed among some universities, cultural institutions, and school districts. Yale University and the public schools of New Haven, Connecticut have worked in partnership since 1978 to strengthen teaching in the city's schools. The Yale-New Haven Teachers Institute brings college faculty and school teachers together on an equal footing to develop new course material in the humanities and the sciences, and to discuss issues chosen by the teachers themselves.

Across the nation cultural institutions, including libraries and museums, are also developing programs to provide teachers more resources in the classroom. In Oakland, California, the city museum is developing a curriculum on immigration in collaboration with the Oakland Unified School District. "California Newcomers," a fourth grade unit, integrates material from the Oakland Museum's history collections with state guidelines for history and social studies.

The Michigan Historical Museum in Lansing makes its collections available on-line for teachers and students. The museum's "virtual exhibit" on the Great Depression, with photos and other images from the period, includes background information written specifically for junior high school students who can gain access to this resource from classroom computers. Each year the Newberry Library in Chicago sponsors the Chicago Metro History Fair and offers a number of teacher institutes on subjects ranging from the history of American Indians to medieval romances and tales of King Arthur's Court.

The federal cultural agencies have created nationally recognized programs for teachers. The National Endowment for the Humanities — in addition to providing funds to the Yale-New Haven Institute, National History Day, and other exemplary programs — has supported over 1,000 summer seminars and institutes at locations around the country, and these programs to date have served over 20,000 school teachers. The Institute of Museum and Library Services encourages partnerships between museums and schools through its awards and recognition programs. The Library of Congress is making materials from its collection widely available to teachers and students through electronic databases, while the Smithsonian Institution, which has long served as a magnet for school groups and teachers, develops educational programs in conjunction with its changing exhibitions. The John F. Kennedy Center for the Performing Arts and the National Endowment for the Arts created ArtsEdge, an on-line network which encourages art teachers to learn from each other. The National Gallery of Art draws on its collections to create excellent materials in the visual arts and provides services to art teachers through workshops and conferences.

Students from Bakersfield, California dramatize events from the Warsaw Ghetto uprising for the 1996 National History Day competition.
Photo courtesy of National History Day and the University of Maryland, College Park, MD.

Actions Recommended:

To ensure American children an education that will prepare them for the challenges of the 21st century, the President's Committee proposes the following steps to educational institutions and community leaders:

- Require coursework in the arts for high school graduation; include the arts and the humanities in college entrance requirements; oblige elementary teachers to complete coursework in the arts before certification.
- Set high local, state and national standards to evaluate students' progress through periodic assessments at all levels, using the National Assessment of Educational Progress as a guideline.
- Teach America's cultural traditions at every level and help enlarge students' understanding of the history and culture of other countries.
- Require competency in a foreign language for high school graduation and entrance into college.
- Conduct research on the effects of learning through the arts on student achievement, individual development and positive social behavior.
- Support programs that offer advanced training in the arts and humanities for students with special promise.

We recommend partnerships to:

- Provide professional development for teachers. We urge strengthening existing programs at the Department of Education, National Endowment for the Humanities, and National Endowment for the Arts. In particular, the Eisenhower professional development programs at the Department of Education should be expanded to include teachers in the arts and the humanities as well as in mathematics and science.
- Include the arts and the humanities in programs that enhance the development of children, and improve their readiness for school and for entering the workforce. We recommend expanding collaborations among federal cultural

agencies and other federal agencies that administer programs affecting children and youth, such as the Department of Justice, Department of Health and Human Services, Department of Labor, and the Department of Housing and Urban Development. These collaborations should operate at the state and local levels as well.

- Expand programs, especially for at-risk youth, both in schools and in settings outside school, using artists and scholars, and in partnership with cultural organizations.
- Improve instruction in the arts and the humanities by encouraging colleges, universities and cultural organizations to cooperate with local school systems. Provide incentives to college and university faculty to develop collaborations with school teachers, educational administrators, and artists.
- Extend business-education partnerships that create programs to support the arts and the humanities in the nation's schools.

"Faith and Science on the Midway," Liz Lerman Dance Exchange, Washington, DC.
Photo © 1995 Beatriz Schiller.

INVESTING IN CULTURAL CAPITAL

Findings:

Our nation has accumulated a vast treasure of "cultural capital." America's cultural capital consists of artistic and intellectual property — from philosophy texts to films, from adobe architecture to jazz recordings. Our cultural holdings include many thousands of organizations that employ artists and scholars and present cultural materials. Most important is human capital: the individual artists and scholars who produce creative work.

The health of our cultural life in the 21st century will depend on the investments we make today. Our cultural support system depends on many interrelated parts: organizations, individuals, and diverse sources of financing. Yet recent trends are eroding the foundations of this structure, leaving it balanced precariously. If significant assets are weakened or lost, rebuilding society's cultural wealth will take years.

The Creative Individual

Artists and scholars require supportive environments to create new work. To sustain our cultural life in the 21st century, we must take steps now to ensure that the talents of individual artists and scholars are nurtured. The contributions of creators are often undervalued. A good case can be made that our cultural life is underwritten by the undercompensated labor of artists and scholars. Despite the highly publicized — and deeply misleading — examples of musicians, opera singers, or authors who earn millions of dollars, the average working artist usually finds only intermittent work and must often supplement his or her profession with a second job.

An extensive survey of 12,000 craft artists, actors and painters found that the vast majority earned less than $20,000 per year from their work. Only 28% of Actors Equity members sampled in the survey made more than $20,000 per year. Over 90% of the painters earned less than $20,000, and nearly three-fourths made only $7,000 or less a year from sales of their work.

Humanities scholars who find employment in the university fare better than many artists, but too many young scholars fail to gain a secure foothold. Colleges increasingly keep costs down by offering temporary teaching assignments. University faculties in the humanities are polarized between a tenured group and a swelling corps of adjunct or temporary professors who

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often teach on a part-time basis without health care or other benefits, and whose average salary falls far below that of other university disciplines.

Folk artists and "tradition-bearers" who pass on wisdom in a culture often receive no compensation at all. Some share their skills for "the love of it" and to keep their knowledge alive within the community. But by recognizing and compensating tradition-bearers, society will enhance the perpetuation of folk cultures.

Institutions and Infrastructure

The United States benefits from a large and varied "cultural sector," which comprises amateur associations, non-profit cultural groups—including libraries, institutions of higher education, historic preservation and public broadcasting organizations—and portions of commercial creative industries.

A rich array of institutions supports artists and their work. These institutions include museums and galleries, orchestras, opera companies and other musical groups, dance ensembles, theaters, and the sponsoring organizations that present art work to the community. Cultural capital exists at every level of society, from neighborhood groups to international touring companies. Also integral to the continued development of America's artistic wealth are the artists colonies, professional training programs, and educational institutions which hone creative talent and allow artists to share their work with the public.

Similarly, the humanities require an infrastructure of public and private institutions, including colleges and universities, libraries, centers for advanced research, non-profit presses, museums and historical societies, all of which support scholarly work and present it to the public.

We find that institutions of higher education constitute a crucial, but often overlooked, part of the nation's cultural infrastructure. Although America's universities provide the overwhelming majority of support for research and teaching in the humanities, the humanities are losing ground in the academy and find few external sources of funding. Support for the humanities and for liberal arts education generally is eroding as universities respond to market pressures and shift resources to vocational courses and to departments that attract substantial research dollars.

In addition to their indispensable role in supporting humanities scholars, colleges and universities are increasingly the employers of artists and writers, providing them salaries, offices, rehearsal space, studios and access to audiences. In many towns, colleges are often the leading cultural centers. For example, colleges and universities now sponsor nearly one-third of all chamber music concerts.

The nation's libraries also preserve our cultural capital. Public libraries offer opportunities for lifelong learning and strengthen civil society by fostering a sense of community in our towns just as surely as the research library plays a central role in building communities of scholars. Teaching and research in the humanities depend on the library, but university research libraries face rising costs and reduced budgets. These trends disproportionately affect the humanities faculty, as libraries purchase fewer of their professional journals and books.

America's independent research libraries and centers for advanced study are also essential to the humanities, but these unique institutions are especially vulnerable because they lack sources of earned income or the resources available to colleges and universities. The travails of the New-York Historical Society, which to stabilize its finances was forced to close its doors temporarily, dismiss staff and sell part of its collection, provide a dramatic example of how precarious the health of many historical societies and private libraries remains. An Andrew W. Mellon Foundation study of five leading independent research libraries found that, to cover operating

Advertisement courtesy of the San Francisco Opera.

expenses, three were running deficits and depleting their endowments.

The Ecology of Culture: A Fragile Environment

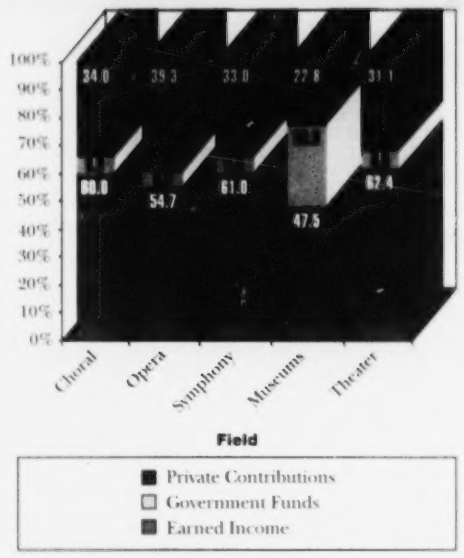
Without this interrelated network of cultural organizations, most Americans would not be able to participate in the humanities and the arts. Cultural organizations are being challenged on several sides: changing demographics, stagnating contributions and reduced government support. To survive in this unstable climate, many are reassessing their missions and searching hard for innovative ways to reach new audiences and increase both earned and contributed income.

Each year non-profit organizations must piece their budgets together from many sources: donations by individual patrons, foundations and corporate sources; government grants; and earned income, such as ticket sales, gift sales, tuition and other fees. As public subsidies decline and grants become more difficult to obtain, earned income plays an increasingly significant role. Performing arts organizations earn a substantial part of their operating budgets, ranging from an average of 47% in many dance companies to 62% for theaters. As pressures to earn more income mount, museums, libraries, and performing arts organizations are producing ancillary products, such as videotapes, recordings and books both to generate revenues and further their educational missions. To create new resources for their non-profit activities, some organizations are creating for-profit subsidiaries.

Two Minnesota organizations illustrate different approaches to earned income. The Minnesota Orchestra produced *On the Day You Were Born*, the first of its educational videos that introduce symphonic music to children. The series will both pay back the investment and produce revenue for the non-profit orchestral association. Minnesota Public Radio has formed a for-profit company to market goods nationally through catalog sales, a tax-paying venture which gives its earnings to the non-profit radio system.

The ability of many cultural organizations to juggle grant proposals, special events, and their daily operations obscures how fragile the ecology of support is becoming. There are limits to earned income strategies. As our case study of one theater company in Chicago demonstrates, even sold-out performances do not cover operating expenses. For non-profit cultural organizations, raising ticket prices is ultimately

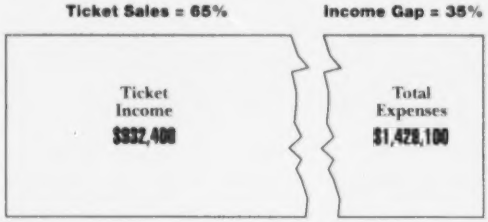
SOURCES OF INCOME, 1995



Source: data on 1994-95 season from surveys of member organizations by Choral America, Theatre Communications Group, American Symphony Orchestra League, American Association of Museums, and Opera America. Numbers may not add to 100% due to rounding.

HOW MUCH DOES A PLAY COST?

The Goodman Theatre of Chicago sold 99.5% of available tickets for a recent production of *The House of Martin Guerre*. Ticket sales covered only two-thirds of the costs.



Expenses

Artistic	46%	$656,926
Production	20%	$285,620
Administrative	12%	$171,372
Advertising	12%	$171,372
Fundraising	6%	$85,686
Facilities	4%	$57,124

Source: Goodman Theatre, Adapted from "The Chicago Tribune."

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self-defeating as higher ticket prices gradually exclude more of the general public.

Recent well-publicized audience studies have underlined the problems that performing arts groups face in trying to maintain existing ticket sales. Although higher education levels might be expected to bring greater numbers of patrons to the arts and the humanities, census data and other surveys suggest that the "baby boomer" generation does not attend cultural events with the same regularity as its predecessors.

Opera companies have experienced dramatic growth in paid admissions in the past decade, but symphonies and theaters around the country report attendance levels that show little or no growth. Dance companies, many of which depend on touring, face special hurdles. Declining leisure time, an aging population, and the widespread availability of compact disks, videotapes, and other electronic media are eroding the audience for many performing arts groups.

Yet at the same time, more Americans of all ages are attending arts, history and science exhibitions. Museum visits seem to fit more readily into the crowded schedules of many baby boomers, and admission fees to most museums cost less than a movie ticket.

Cultural organizations are becoming more sophisticated at marketing. Arts groups in the Research Triangle area of North Carolina are conducting a three-county survey of local households to identify potential customers among newcomers to the rapidly growing region. The San Antonio Symphony has shifted its programming to appeal more to the city's large Hispanic population. The San Francisco Opera employs witty advertising, an extensive volunteer campaign, and educational programs to lure younger audiences to its performances of *La Bohème* and other classics in its repertoire.

As America's population changes, cultural organizations must adapt by reaching out to new audiences and by developing new leaders and donors from all segments of society.

Technology and Preservation: Two Priorities for the New Century

The United States is leading the world in the electronic communications revolution. Every day more Americans are searching for information and "chatting" with each other on the Internet and the World Wide Web. Already, over 15 million American households are connected to the Internet. The data, imagery, and sounds conveyed by these new technologies will shape our concepts of culture and will influence citizen participation in our democracy.

The President's Committee believes that as new technologies advance, artists and humanists, with their expertise in organizing complex ideas and their skills in the use of symbols and visual material, must be at the forefront of this development. Agreements between creators of content and telecommunications providers on methods of compensating scholars and artists for electronic use of their works and on appropriate "fair use" (limited copying by students and educators) will encourage the free flow of ideas.

The new technologies offer access for millions of Americans to know and enjoy the arts and the humanities. The Library of Congress is beginning to digitize its vast collections for the public. Americans contact its web site more than one million times a day. The World Wide Web boasts images from art collections, such as the Asian Arts web site, which combines exhibitions, articles, and historical and academic information and is linked to schools and universities. Grants from the National Endowment for the Humanities have helped create digitized images of the Dead Sea Scrolls for CD-ROM editions and distribution over the Internet, while students can now find electronic databases on the Civil War, Shakespeare, and ancient Greek classics.

This potential gain for learning will not be realized unless we make new resources available to our museums, arts organizations, libraries, and archives. Cultural organizations do not have the funds to invest in technology to digitize cultural material, and market forces alone will not provide cultural content of high quality for the information superhighway. For technology to fulfill its potential to enlighten individuals, we will need a massive public-private partnership, making the rich resources of the arts and the humanities available in digital form. At the same time, the electronic transmission of cultural material should be enhanced by telecommunications policies that make new technologies more available to Americans.

The President's Committee is concerned about preserving our heritage for future generations. Although the number of museums and libraries is growing, the nation's artifacts, paintings, prints, drawings and sculptures are literally cracking, chipping, and eroding. Thousands of brittle books, manuscripts, newspapers, and other documents are disintegrating

Before and after conservation: *All Wars Memorial to Colored Soldiers and Sailors* (1934), Fairmount Park, Philadelphia, PA. Sculptor: J. Otto Schweitzer.
Courtesy of the Fairmount Park Art Association. Photograph Franko Khoury © 1984.

in our libraries and archives. Historic monuments and buildings continue to be destroyed. The National Institute for Conservation estimates that almost half the nation's 27,000 outdoor sculptures are deteriorating.

Our cultural heritage is not limited to objects and artifacts. Cultural preservation also depends on the memories and habits of living people. Native American languages are disappearing, and many forms of folk art and traditional knowledge are endangered by economic and social change. The ephemeral nature of the performing arts poses special challenges for documentation. Films, recordings and tapes in private collections are often neglected. We need a national commitment to preserve our cultural legacy. If we succeed, future generations will praise us for being good ancestors.

Commercial firms, such as those in the publishing, recording, film and broadcast industries, own a significant portion of America's cultural capital. The interconnections among amateur groups, non-profit cultural organizations and creative industries suggest opportunities for them to cooperate, especially to preserve our heritage. We believe the creative commercial sector has an opportunity as well as responsibility to safeguard its historical holdings. In the drive to provide "content" for software, some entertainment companies have digitized older recordings and restored classic American films. Market pressures of these kinds may help preserve some of America's cultural capital. The new technologies also suggest possibilities for expanded partnerships between non-profit organizations and for-profit companies working in the commercial arts.

Public-private partnerships to digitize cultural material should plan for the future, given the rapid changes in technology. Unlike the Rosetta Stone, which has lasted for 22 centuries, digital storage media can deteriorate quickly, with magnetic disks having a shelf life of only 5 to 10 years. Cultural preservation partners should assure that older digital material is adapted to developing technologies, so that future generations may unlock the information of the past.

Actions Recommended:

The President's Committee calls upon public agencies and the private sector to:

- Support a national assessment of the nation's preservation needs and devise long-term plans to protect America's cultural legacy.

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- Provide support for individual fellowships to artists and scholars. Congress should restore the authority of the National Endowment for the Arts to support individual artists.
- Encourage creative individuals through grants for commissions, studio and study space, health insurance, and residencies at artists colonies, humanities centers and research libraries.
- Explore legislation to establish a new domestic version of the Arts and Artifacts Indemnity Act, to protect, in lieu of insurance, works from American museums when borrowed for exhibition by other museums in the United States.

We call upon both cultural organizations and their supporters to:

- Reassess the missions of cultural organizations to strengthen their capacities to survive in a changing environment, including research, mergers, reaching new audiences and developing new resources.
- Invest in developing leadership for non-profit cultural organizations, and in cooperation with colleges and universities, provide training programs for a new generation of managers and administrators.
- Recruit minority members for volunteer, professional or curatorial, and leadership positions.

We encourage colleges and universities to:

- Resist the overprofessionalization of the undergraduate curriculum by strengthening the liberal arts as an essential component of higher education.

We recommend that businesses and corporations:

- Compensate creators for works distributed as part of transactions on the World Wide Web and other electronic media; also support appropriate "fair use" by scholars, educators, and students. The President's Committee recognizes that industry, government and professional organizations are discussing solutions to balance the interests of the creative community and telecommunications providers.
- Implement a program to preserve books, recordings, videotapes films, historic properties and other cultural materials they own.
- Assist cultural organizations, either through grants or in-kind donations, to strengthen their capacities to use technology to reach new audiences, and to digitize cultural material.

RENEWING AMERICAN PHILANTHROPY

Findings:

America's ethic of private philanthropy and voluntary action is one of our noblest traditions. Giving and voluntarism are activities indispensable to our civil society and to the nature of American democracy.

In 1995, Americans contributed an estimated $143.85 billion to all charities. The "arts, culture, and humanities" sector of philanthropy received approximately $10 billion, or 7% of the total donations. In 1994, individuals were responsible for 80% of funds contributed to the arts and the humanities, foundations for 13% and corporations for 7%.

For the past decade there have been disturbing signs of a weakening philanthropic spirit. The average size of gifts from the wealthiest Americans is decreasing. Independent Sector reports that the average charitable deduction claimed by taxpayers has fallen in all income brackets over $50,000. Middle income donors are playing a greater role in sustaining America's traditionally high levels of private giving. If society is to meet its pressing needs, overall charitable giving must increase.

The arts and the humanities are more dependent on private giving than many other segments of the non-profit community. For example, many performing arts groups receive as much as 40% of their total incomes from donations, compared to 3 to 5% for hospitals and an average of less than 20% for many other non-profit organizations.

In 1995, when overall charitable giving increased by 11%, private contributions to the arts and the humanities, when adjusted for inflation, remained at essentially the same level as the preceding year.

Giving by Corporations

Corporate giving to the arts and the humanities rose in 1994 and 1995, after declining dramatically for much of the previous decade. A 1996 survey of the

GIVING TO ARTS, CULTURE, AND HUMANITIES (ACH) 1989-1994

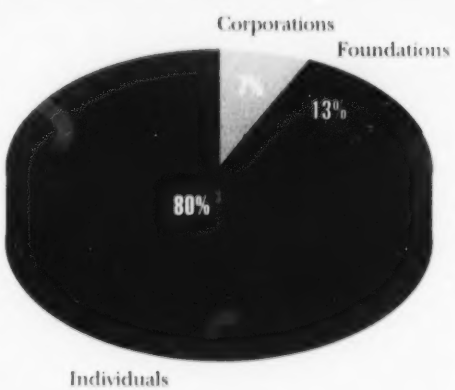
	1989	1991	1993	1994
Aggregate giving (Foundation Center sample)	$3,245	$5,000	$6,400	$6,169
ACH giving (Foundation Center sample)	$454	$683	$834	$789
ACH as % of total	14%	14.1%	14.8%	12.8%
Humanities giving alone	$35	$44	$50	$35
Humanities as % of total	1.1%	0.9%	0.9%	0.6%

Sources: Foundation Giving 1996, Grants Index 1994; (not adjusted for inflation). All $ in millions.

150 largest American corporations — which alone are responsible for over one-fifth of total corporate giving — predicts that giving by larger businesses to all causes will continue to rise.

Corporations also support cultural organizations and other non-profit causes through sponsorships, cause-related marketing ventures and in-kind contributions, such as donated equipment. Corporate sponsorships, in which businesses tie contributions to specific marketing objectives, are growing in importance and at some companies may be replacing traditional philanthropic giving. Sponsorships and donations from marketing budgets are less easily measured and are not fully captured in philanthropic surveys, but the growth of these forms of corporate support has meant increased assistance to some cultural organizations. Museum exhibitions and performing arts events appear to benefit most from corporate sponsorships. The humanities benefit from corporate contributions to capital campaigns for libraries and museums, to university endowments and scholarship funds, and from corporate sponsorship of educational broadcasting.

SOURCES OF PRIVATE GIVING TO THE ARTS & HUMANITIES



Source: Giving USA. Based on 1994 data.

The increases in dollar terms of the past two years mask a long-term decline in corporate giving. Corporate philanthropic giving to all causes declined in 1995 when measured as a percentage of pre-tax income and has been steadily diminishing since its peak in 1986. That year corporate giving reached slightly over 2%, the modest level recommended as early as 1975 by the Filer Commission on Philanthropy, the last independent national commission concerned with increasing private philanthropy.

This fall-off in corporate giving comes at a time when corporate profits are robust and the American economy remains the strongest among industrial nations. In the thirty years since the Business Committee for the Arts was established, thousands of new companies have been formed. Yet some highly profitable industries have failed to develop habits of charitable giving.

Foundations

Over the past decade, foundations have proven the only source of sustained increased giving to cultural organizations. In recent years cultural organizations have garnered approximately one of every seven grants made by private foundations. Foundation giving to the arts grew dramatically in the 1980s, rising by nearly 40%. This surge bypassed the humanities, which received only 6 to 7% of total foundation contributions to culture, and less than 1% of foundation giving to all causes in 1995. Foundations support

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DISTRIBUTION OF FOUNDATION GRANTS

Five states received more than half the arts dollars awarded by foundations in 1992.

1. New York
2. Pennsylvania
3. California
4. Texas
5. District of Columbia

Source: Arts Funding Revisited, 1995

higher education, but the portion of grants that benefits the humanities is not easy to identify.

Today the Foundation Center counts over 38,000 active foundations in the United States, nearly 15,000 of which have been formed since 1980. Overall giving by foundations has more than tripled, from $3.4 billion to $11.3 billion, from 1980 to 1994. Despite the proliferation in the number of foundations, their resources remain highly concentrated. In 1994 the thousand largest foundations held nearly three-fourths of the assets, while 505 foundations with assets over $50 million were responsible for half the funding to charitable causes.

Foundation giving is also distributed unevenly across the United States. Foundations in five states are responsible for nearly two-thirds of all grant-making to the arts and the humanities. Cultural organizations in four states — New York, California, Pennsylvania, and Texas — and the District of Columbia receive nearly 55% of all giving to the arts and the humanities by foundations. Although some of the largest foundations operate programs that are national in scope, most foundation giving is local and tends to go to established organizations.

As cuts in the budgets of federal and state government place new burdens on the philanthropic sector, the arts and the humanities face intense competition from social services and other causes. All foundations but one surveyed in *Looking Ahead: Private Sector Giving to the Arts and the Humanities*, a report issued by the President's Committee in 1996, reported that they will not be able to increase their contributions to culture. Several even predicted actual decreases.

Community foundations, which direct funds from many donors to address community needs, are one of the fastest growing segments of the foundation world and represent a potentially important new resource for the arts and the humanities. The Community Foundation of Santa Clara County, CA, has increased endowments of arts organizations in the region through challenge grants which helped these nonprofit groups raise private funds. Community foundations educate donors about local issues and thereby encourage philanthropy. In little more than twenty years, the assets of these local funds have jumped from one billion dollars to over $13 billion, and in 1995 funds given by donors to community foundations increased by 51% over the previous year.

The growth in giving to private foundations generally has been spurred by a favorable federal tax policy. Current provisions — which allow gifts of appreciated stock to private foundations to be deducted at their fair market value — must be extended or made a permanent part of the tax code, or this important incentive to giving will be lost.

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Individual Donors and Philanthropy

Donations by individuals are important to cultural organizations, especially as other sources decline. Studies of giving by American households show a recent rise in contributions; however, the average size of the gift to the arts is still below levels attained a decade ago. There is evidence that philanthropy can be taught. When potential donors understand the many methods of giving that benefit both them and their causes — such as charitable remainder trusts, charitable annuities, and other forms of deferred giving — they often increase their contributions.

Giving and volunteering are closely linked. Individuals who volunteer time and services are much more likely to give, and give more on average than do non-volunteers. The forthcoming President's Summit of Service, to be convened by President Clinton and all living former presidents of the United States, can help spur the renewal of citizen action and philanthropy. There are other encouraging signs: surveys of volunteering by high school and college youth show an increased willingness to give time and energy to a wide range of causes. National programs like Americorps and the Points of Light Foundation and local initiatives such as Mayor Richard Riordan's Volunteer Leadership Development Program in Los Angeles offer new vehicles for recruiting civic-minded Americans.

More individual donors must be cultivated; many Americans, especially among minority and recent immigrant groups, give generously to community causes but are rarely asked to contribute to the arts or the humanities. As evidence of the potential response, when the Japanese American National Museum in Los Angeles undertook a capital campaign, nearly 90% of the donors had never before given to a cultural organization. As the population of the United States changes, cultural organizations must develop strategies to reach out to new donors, encouraging them to become volunteers and contributors.

Philanthropy — the ethic of giving — must be taught by families and by charitable, educational, and religious institutions. Tax and other incentives reinforce, but cannot replace, a basic sense of individual responsibility to the community.

A renaissance of American philanthropy is especially timely as we begin a new millennium. The "baby boom" generation will benefit from a huge transfer of wealth, estimated to be in the trillions of dollars, from their parents. If America is to achieve its potential in the next century, some portion of this wealth must be invested in our cultural capital.

New Resources

The President's Committee investigated many ideas for developing new resources for non-profit cultural activities. Although there are many promising experiments and proposals worthy of further exploration, there is no "silver bullet" solution to replace our complex, interdependent system of private and public support.

Several ideas deserve further exploration. Cultural organizations with endowment funds could pool their assets and, by using professional money management services, obtain better returns at lower costs. Many colleges and universities take advantage of pooled endowments; arts and humanities organizations could join forces with them in such ventures or create their own.

Many investors, especially in the baby boom generation, are used to having their investment decisions made by managers of mutual funds; at the same time they are looking for socially responsible investments, ones that yield a return while advancing desirable causes. With seed money from foundations, national or regional mutual funds could be set up, realizing a competitive return to attract more private investors, and eventually generating charitable contributions designated for arts and humanities organizations.

Finally, foundations can encourage creative financing by providing seed money to:

- develop sound business plans and to carry out mergers to achieve efficiencies where missions and markets overlap.
- advance start-up funds to launch for-profit subsidiaries where they complement non-profit cultural missions.

Actions Recommended:

- The President's Committee recommends a National Initiative, led by the White House, in cooperation with civic, foundation and corporate leaders, to renew America's strong tradition of philanthropy. This National Initiative on Philanthropy would call upon individuals and on the public and private sectors to become more engaged in increasing overall giving.
- We recommend, as part of this Initiative, the creation of a new national recognition program honoring:
  - exemplary giving by individual donors to the arts and the humanities;

- exemplary giving by private foundations for cultural activities;
- exemplary volunteering (either individuals or volunteer programs) to cultural organizations;
- leadership by corporate donors that increase giving and volunteering to the arts and the humanities.

As part of this national initiative we call on corporations to:

- Raise giving levels to all causes, and giving to the arts and the humanities through a variety of means, choosing those vehicles most appropriate for individual businesses and localities. These strategies include:
  - Encouraging employee giving to arts and humanities organizations through matching gift programs and expanding or initiating workplace giving programs.
  - Expanding volunteer programs, including released time for employees, executive loan programs, and technical assistance or management advice.
  - Setting as a goal a minimum level of philanthropic giving equal to two percent of pre-tax income.

We encourage foundations at the national and local level to exercise leadership beyond grant-making by:

- Strengthening capacities of cultural organizations to survive in an unstable environment.
- Developing new sources of support, together with other partners, for the arts and the humanities.

We recommend that community foundations:

- Use their special abilities both to raise funds and distribute grants to make cultural support an integral part of their mission to serve community needs.
- Build partnerships with family foundations to respond to the needs of the arts and humanities in their communities.

Cultural organizations can increase support from individuals by:

- Engaging children and young adults through volunteer and internship programs.
- Building the base of volunteers and donors by inviting the full range of America's population to take part in the activities of their organizations and to serve on boards and staffs.
- Cultivating the ethic of giving: informing donors about the many ways they can give and volunteer, and working with charitable, educational and religious organizations to help carry out the National Initiative on Philanthropy.

A visiting scholar explains an artifact to a resident of Potomac Gardens in Washington, D.C.
Photo © Roy Lewis Photography, courtesy of Humanities Council of Washington, D.C.

AFFIRMING THE PUBLIC ROLE

The President's Committee believes that the public sector has an indispensable role to play in supporting the nation's cultural life. Culture is produced by and belongs to all of the American people. The works of scholars and artists of all traditions are part of the legacy we pass on to the next generation. Because all Americans have a stake in preserving our cultural heritage, there is a national and therefore a federal responsibility for this legacy.

In America's complex system of cultural support, government does not play the predominant role. Yet through laws, tax policies, regulatory practices and

appropriations at federal, state and local levels, government can either stimulate or depress the private support that sustains our cultural life.

The federal government is a builder, designer, printer and publisher. The government commissions monuments and operates archives and museums. It conserves land and other natural resources that are fundamental to the cultural practices of many Americans. Government offers incentives for improving schools, and enacts legislation that affects the health of foundations and non-profit organizations. Government policies influence broadcasting, historic preservation, and the availability of electronic communications.

The role of the federal government as a direct grant-maker to the arts and the humanities is fairly recent, dating from 1965. The President's Committee reviewed the historical context, however, and found that from the earliest days of our Republic, the government took an active role in advancing the arts and the humanities. The Founders understood the power of art and of ideas to provide the symbols and the language of democracy. Although wary of culture as an official expression of the state, the first American leaders saw artistic and scholarly pursuits as values to be encouraged. By 1800, Congress had established America's first national cultural institution, the Library of Congress.

A pattern of combining public with private support emerged early on to create the great federal cultural institutions. The private gift of James Smithson of England in 1846 launched the Smithsonian Institution. In 1937, Congress accepted industrialist and philanthropist Andrew W. Mellon's major art collection and an endowment fund to establish the National Gallery of Art. Congress provided sites in Washington, D.C. for the Kennedy Center for the Performing Arts and more recently for the United States Holocaust Memorial Museum. Both were built largely with private funds. All of these federal institutions depend on annual support from Congress but to operate fully, each must seek private contributions.

The federal government also affects cultural life through its programs and policies. The Constitution stimulated American innovation by providing a limited term of economic protection for creators in Article 1, Section 8. Second class postage rates, introduced in 1879, encouraged the flow of ideas and the growth of American popular literature. After enacting a federal income tax in 1916, Congress added a provision the following year allowing tax deductions for contributions to educational, cultural and social service organizations. This action profoundly affected the development of American cultural and educational life by affording private donors more incentive to give.

> **...while no government can call a great artist or scholar into existence, it is necessary and appropriate for the Federal Government to help create and sustain not only a climate encouraging freedom of thought, imagination, and inquiry, but also the material conditions facilitating the release of this creative talent.**
>
> *— From Public Law 89-209 establishing the National Endowment for the Arts and the National Endowment for the Humanities*

Direct support for the nation's cultural life came with the Depression. When the Works Progress Administration (WPA) programs of the 1930s employed thousands of artists and researchers, the resulting projects introduced millions of Americans to their own culture, and amassed a body of American folklore and public art that still enliven our society today.

After the WPA programs ended and the country prepared for World War II, two decades passed before Senator Claiborne Pell, Senator Jacob K. Javits and Representative Frank Thompson and others co-sponsored legislation to create a National Foundation on the Arts and the Humanities. In 1965 President Lyndon B. Johnson signed Public Law 89-209, thus establishing the National Endowment for the Arts (NEA) and the National Endowment for the Humanities (NEH). The underlying principles of the legislation are: encouraging state and local support, matching public grants with private funds, improving citizens' access to cultural experiences, and encouraging individual creativity and achievement.

In 1976, Senator Pell and Representative John Brademas co-sponsored the Institute of Museum Services Act to establish a new independent agency that offered general operating support to qualified art, history and science museums, botanical gardens and zoos. In 1996, Congress approved the merger of the Institute of Museum Services with the library programs of the Department of Education to form the Institute of Museum and Library Services (IMLS).

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Purposes and Influences

The President's Committee finds that the federal cultural institutions and grant-making agencies have had a decisive impact on the development of the nation's cultural life.

The evidence of the last thirty years of direct support for culture through the National Endowment for the Arts, the National Endowment for the Humanities and the Institute of Museum and Library Services demonstrates their important role in:

- stimulating more private contributions to the arts and the humanities;
- creating an intergovernmental support system of state and local cultural agencies;
- increasing citizens' access to cultural resources;
- exercising leadership to conduct projects of national significance, influence entire disciplines, provide national recognition and raise standards;
- preserving cultural heritage;
- encouraging new works in scholarship and the arts.

We recognize that if government provides even a small part of society's investment in cultural activities, debate over what is appropriate for government support is inevitable and, indeed, healthy. That a few government grants create controversy or are even deemed mistakes does not invalidate the role of government. The capacity for self-criticism and to hear dissonant voices is a sign of a vigorous democracy.

Stimulating Private Support. There is a clear parallel between the federal investment in culture and the willingness of corporations, foundations and individuals to support cultural activity. Both private and public sources rose dramatically after 1965 and the creation of the Endowments. Grants from the National Endowment for the Humanities, the National Endowment for the Arts, and the Institute of Museum and Library Services are matched with private money. For example, IMLS awards to museums for general operating grants are no more than 15 percent of their budgets. Institutions with IMLS grants for conservation and leadership must raise twice the amount of their awards.

The overwhelming evidence is that the federal "imprimatur," or "seal of approval" as it is often called, convinces other funding sources to contribute. The federal agencies establish national merit-review procedures that demonstrate that a proposal has passed rigorous evaluation — a review many corporate and foundation officials take into serious consideration.

Creating a State and Local Infrastructure. Leadership by the federal cultural agencies stimulated the cre-

Quinault tribal ambassador Harvest Moon prompts questions at an elementary school in Olympia, WA.
Photo courtesy of the Washington Commission for the Humanities.

ation of an intergovernmental network of state and local arts agencies and state humanities councils, which greatly increased the cultural experiences available to Americans. This network has led to vast increases in support for the arts, humanities and local culture throughout the country, often in places that had never before experienced an enhanced cultural life.

Today, state arts and humanities councils exist in all fifty states, the District of Columbia, Puerto Rico, the Virgin Islands and the three Pacific territories. State arts councils are usually agencies of state government while state humanities councils are private non-profit organizations. Seven regional arts organizations and over 3,800 local arts councils offer our citizens a rich variety of programs. This infrastructure of state and local support for cultural life did not exist thirty years ago.

The state humanities councils, formed in the 1970s with grants from the National Endowment for the Humanities, provide public education through reading groups, literacy programs, informed public discussions of public issues, and historical exhibitions and documentaries. Congress requires NEH to grant 20% of its program funds to state councils but they actually receive closer to 30%.

State arts agencies combine state and federal monies to support cultural organizations, local arts councils, and individual artists. Many arts councils also administer state funds for programs of art in public spaces and provide a variety of services to the field. The councils cooperate with other state agencies on recreation, youth services and cultural tourism. States receive 27.5% of NEA's program funds, with an additional 7.5% available for projects in "underserved" areas. In 1990, when the NEA appropriation totalled $173.3 million, states attained their highest level of funding: $292 million. In the fiscal crises of the early nineties, forty-four states suffered cuts in state funding; by 1993, total state support fell by 27%. Recent trends show some increases, although not in every state, for a combined 1996 total of $263 million in arts appropriations for all states.

Since 1965, the number of both non-profit arts councils and arts agencies which are part of local government has increased dramatically. Local councils address community cultural needs, providing grants to cultural organizations and artists, including activities in the humanities and folklore. They also operate facilities and cooperate with local government in planning, youth services, tourism and downtown revitalization. The NEA has stimulated the growth of local councils by awarding grants which have enabled them to tap new municipal funds for the arts. Cities and towns now allocate at least $650 million in public monies through local councils and directly to cultural institutions.

In the third year of the Civil War, Abraham Lincoln ordered work to go ahead on the completion of the dome of the Capitol. When critics protested the diversion of labor and money from the prosecution of the war, Lincoln said, "If people see the Capitol going on, it is a sign that we intend this Union shall go on." Franklin Roosevelt recalled this story in 1941 when, with the world in the blaze of war, he dedicated the National Gallery in Washington. And John Kennedy recalled both these stories when he asked for public support of the arts in 1962. Lincoln and Roosevelt, Kennedy said, "understood that the life of the arts, far from being an interruption, a distraction, in the life of the nation, is very close to the center of a nation's purpose — and is a test of the quality of a nation's civilization."

Source: Arthur M. Schlesinger, Jr. "America, the Arts, and the Future," Nancy Hanks Lecture, 1988.

The humanities do not have an exact parallel to the national network of local arts councils. The community bases for the humanities are colleges and universities, museums, local historical societies and libraries. All of these institutions offer learning opportunities to the public and support the work of individual scholars.

Making Cultural Experience More Available: A quantum leap in cultural activity can be traced from the time of the creation of the National Endowment for the Arts and the National Endowment for the

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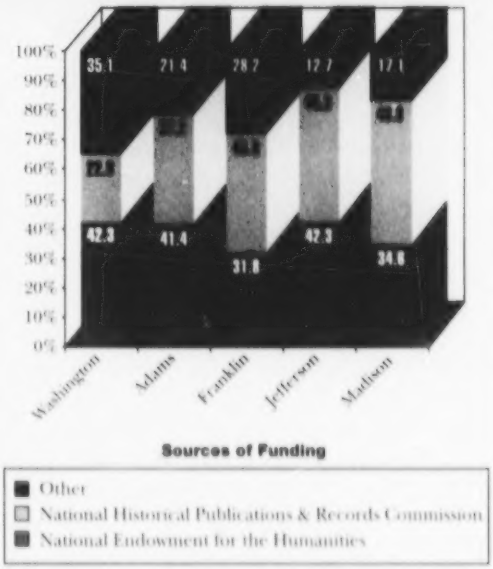
Humanities in 1965 and the Institute for Museum Services in 1976. An increase in the number of historic sites, cultural programs produced on radio and television, and actions to preserve natural resources integral to cultural practices, can be credited to the National Trust for Historic Preservation, the Corporation for Public Broadcasting, the National Park Service and other federally-assisted programs. The GI bill and federal student loans have allowed millions of Americans to attend colleges and universities where they are exposed to the arts and humanities. Folk cultures, once endangered, are now often presented to the larger community and passed on through apprenticeships funded with state and federal grants. The major programs of private foundations have also strengthened cultural development since the 1950s, but there is little doubt of the influence of federal, state and local governments.

We cite just a few examples. In 1966, the newly-formed Theatre Communications Group counted among its members only 35 professional non-profit theaters. Today, TCG has over 300 member theaters, and the estimates of the total number of not-for-profit theaters are between 600 and 900. Opera America now includes over 100 professional opera companies

PUBLISHING THE FOUNDING FATHERS



Federal funding is the primary source of support for the publication of the papers of the Founding Fathers.

Sources: The Papers of George Washington, Papers of Benjamin Franklin, American Council of Learned Societies

in its membership. Dance audiences once clustered in the few major cities able to support dance seasons; but the number of dance troupes has jumped from 28 in 1958 to over 400 today. Chamber music ensembles now number 1,120 groups, the majority formed in the last 20 years. Of America's 8,200 museums, almost half have come into being since 1970.

Although admission prices to cultural events can sometimes be too high for many Americans, they would be even higher if private contributions and government grants did not underwrite the costs of production. Activities that involve Americans in the humanities — such as reading, library discussions, films, visits to historic sites and museums — are often free or provided at low cost.

As a federal purpose, increasing access to culture means that, in addition to serving the broadest audience possible, federal funding agencies must be concerned with fairness and inclusion. This commitment requires recognizing the many art forms and humanistic pursuits of our pluralistic society.

By almost any measure, Americans enjoy a greater number of cultural experiences, closer to home, than at any other time in our history.

National Leadership: The broadest possible perspective is necessary to reward projects of truly national significance. The federal agencies fund many projects that reach across borders and are ambitious in scope. The NEA, NEH and the IMLS are the largest single sources of funds for their respective fields. There is so little private grant-making to the humanities that the NEH plays a predominant role. As the primary supporter of complex research projects which require teams of scholars and years of work, the NEH has made possible such publications as the papers of George Washington and Frederick Douglass and the *Dictionary of American Regional English*, as well as dictionaries of Native American languages.

The NEH also provides national leadership by preserving hundreds of thousands of brittle books and millions of pages of historically important American newspapers, supporting seminars for school and college teachers to improve their teaching of the humanities, and funding humanities projects that use new electronic information technologies.

Similarly, NEA grants have addressed the needs of entire fields, reaching new audiences and bolstering the financial stability of cultural organizations. Since its early years, for example, NEA supported dance companies through residencies and touring, the latter of which is the economic lifeblood of most companies. Although modified by rising costs and agency

budget cuts, the Endowment's dance touring program is credited with developing both dance companies and local presenters to bring one of America's most brilliant art forms to millions of citizens.

The federal government often takes on roles that other funding sources will not, such as conservation, documentation, and even physical maintenance. The Institute of Museum and Library Services has worked with the American Association of Museums and the National Institute for Conservation to strengthen professional standards in museum management and to reward the best conservation practices. Museum leaders testify that IMLS support for general operations and for behind-the-scenes conservation work is among the most valuable governmental aid precisely because private donors shun these unglamorous activities. Indeed, many foundations and corporate sponsors specifically exclude general operating support from eligibility for grants.

The peer-review procedures of the federal cultural agencies serve as professional validation. As is the case with the sciences, the opinion of panels of experts, while sometimes imperfect, is still the most effective way to select excellence and identify potential.

Agencies with a national overview are also able to present the case for cultural benefits to society. For example, the Endowments led national efforts to address the issues of the erosion of arts education and the improvement of teaching in the humanities. Recently, all three agencies and the President's Committee joined American companies and non-profit organizations to promote the benefits of cultural tourism in the United States.

Preserving Cultural Heritage: Federal support for museums, libraries and archives helps to conserve cultural objects. America's museums hold millions of objects that represent our cultural history. IMLS, NEH and NEA grants save fragile artifacts and provide institutions professional training and funds to care for their collections.

Folklife programs in 48 states and jurisdictions, supported by the National Endowment for the Arts and state arts agencies, carry out research and record all kinds of American traditions, enabling our citizens to value their cultural richness and understand each other better.

The Humanities Endowment launched an ambitious national project to microfilm millions of brittle books and decaying newspapers which contain priceless information.

Museums are able to improve their environmental conditions to safeguard collections with grants from the Institute of Museum and Library Services.

Our great national cultural institutions, such as the Library of Congress, the National Archives, the National Gallery of Art and the many museums of the Smithsonian Institution, protect millions of books, documents and other objects of our heritage. The ability of these institutions to conserve their collections and to share them with the public, including an increasing capacity to do so electronically, sets standards for other collections across the nation.

Creating New Artistic and Scholarly Work: New artistic and scholarly works fire the imagination, shine light on history, and add to the legacy of human thought and creation. Both Endowments have been committed to "facilitating the release of this creative talent." This policy has meant fellowships for scholarly research, the source of new knowledge in the humanities. For the arts, individual awards and grants to commission new dances, plays, operas and music have aided a significant body of American work. Well over half the nation's prize winning authors in fiction and poetry in the 1990s, such as recipients of the Pulitzer Prize, won NEA literature fellowships earlier in their careers.

New productions in the arts and the humanities add to our store of intellectual property. Historian James McPherson's much-acclaimed Pulitzer Prize-winning history of the Civil War, *Battle Cry of Freedom*, was written with support of an NEH fellowship. NEA grants and the Fund for New American Plays — co-sponsored by the Kennedy Center, the American Express Corporation and the President's Committee on the Arts and the Humanities — have supported playwrights and regional theaters that have produced prize-winning plays which have also received acclaim on Broadway.

Sometimes such works contribute directly to the economy, as when Ken Burns' *Civil War* documentary (supported by the NEH for public television) spurred sales of books about the Civil War and visits to battle fields. Many new works that begin in the non-profit world migrate to the commercial sector, such as the film industry, where they reach new audiences and earn profits. New works provide elements of creation yet to be imagined: images on the Internet, music for film, designs for furniture or clothing, concepts of history, ideas for poems.

Impact of Cuts

Recent reductions in the budgets of the two National Endowments and the Institute of Museum and Library Services are already having adverse effects on the nation's cultural infrastructure.

The President's Committee is concerned that these cuts will afflict medium and smaller organizations in particular, including ethnic and minority cultural groups, which often have less access to private funds. A national network of cultural organizations of color reports that its members are reducing community outreach and programming as a result of losses in public funding and cut-backs in family spending.

Federal funds for the NEA, NEH and IMLS have not grown in real dollars since 1979. In 1990, Congress began a series of cuts in appropriations that reduced the ability of the Endowments and the Institute of Museum Services to fulfill their goals. After much Congressional debate in 1995, and again in 1996, NEA suffered a slash of 39%, NEH was reduced by 36% and IMLS by 28%. The combined budgets of all three agencies now amount to just over 1/100 of 1% of the 1996 federal budget.

The impact of these cuts is now beginning to be felt. Some important cultural organizations have already learned that they will no longer receive NEA grants. The result will be gaping holes in their budgets. Individual artists are now barred by Congress from receiving NEA grants, with the exception of fellowships in literature, awards to Jazz Masters and National Heritage Awards.

The National Endowment for the Humanities is spending 60% less on its public programs and for preservation. NEH officials estimate that in 1997, 20,000 fewer brittle books will be saved and 230,000 disintegrating pages of newspapers will not be microfilmed. Research commissioned by the President's Committee shows that funding from all sources for individual fellowships in the humanities dropped from $24 million in 1995 to $20.8 million in 1996. Even after the recent budget reductions, the National Endowment for the Humanities is responsible for nearly one-third of all fellowships in the humanities.

The IMLS estimates that in 1997 it will fund 35% fewer museums which qualified for grants. Over 100 museums of all types will not receive grants for general operating expenses and 75 museums will not receive grants for conservation activities.

Today the National Endowments do not have enough funds to sustain the federal-state partnership. State arts agencies lost 30% of their Endowment support in 1996 with some poorer or smaller states losing more than half their budgets. The state humanities councils received smaller reductions from NEH. Because these councils have little private and state support to fall back on, they are largely dependent on NEH grants.

An earlier President's Committee study showed that private foundations do not plan to increase their contributions to the arts and humanities and will not fill in the gap left by federal cuts.

Findings:

State and Local

The only funding increases for the arts and the humanities in the public sector today are at state and local levels. Total state appropriations to state arts agencies exceed the grants provided them by the federal government, although the trend is uneven. Some states are suffering sharp cuts at the same time that others are receiving increases. Only half the state humanities councils are granted state funds, totaling just under $4 million in fiscal year 1996. Public funds for the fifty largest city arts councils are growing at an average of 5% a year. Local councils are also supplementing cultural initiatives by making use of federal programs for youth, transportation and community economic development. Most states and many cities require spending on art for certain building projects; these "Percent for Art Programs" have directed millions of dollars for commissions of works of art in public spaces.

Mayors, city councils and local voters see the impact that museums, performing arts organizations, and other cultural agencies are having on the local economy and on the quality of life in their communities. Local officials are initiating alternative funding mechanisms at the local level, such as a portion of a cable franchise fee earmarked to support the Arts Council of New Orleans. Other communities stimulate cultural development through innovative "incubator" programs and donated space, equipment and services.

At least seven states have authorized local governments to establish special cultural tax districts. Voters in many cities are approving dedicated revenues to generate new resources for the arts and the humanities. Voters in Denver approved an increase of one-tenth of 1% in the sales tax to support a Scientific and Cultural Facilities District. This District now raises $25 million a year for art, science and history museums, the zoo, and smaller cultural organi-

Public art: Hatchcovers in downtown Seattle.
Photo © G. Edwards. Photo courtesy of Seattle Arts Commission, Seattle, WA.

zations in the Denver metropolitan area. Citizens in Broward County, Florida, pay a tax on admissions and on the sale of blank tapes and video rentals, to raise about $2 million annually for local cultural activities. Among the "local options taxes" that cities are allowed to collect, taxes on tourism are increasingly popular. Recognizing the connection between increased tourism and vibrant cultural offerings and historic areas, San Francisco and many other cities generate revenues through taxes on hotel rooms.

States are experimenting with a variety of alternative funding mechanisms for their state arts agencies, ranging from selling special license plates to earmarking increases in the corporate filing fee. Eleven states have created special endowments, financed with both public and private funds, to supplement appropriations to their state arts agencies. Although these state endowments will take years to grow, their establishment shows how important cultural activity has become to many states. Missourians voted for a tax on out-of-state performers and athletes, half of which goes to the Missouri Cultural Trust. Combining state dedicated revenues with private contributions, Missouri arts agency officials expect to raise a $200 million endowment. Texas started a cultural endowment fund with a combination of revenues: private contributions, a direct appropriation from the state legislature, a portion of sales from a special arts license plate, and a new tax on small hotels.

The President's Committee has studied a number of strategies for securing state and local revenues for culture other than funds appropriated by governments. Some states have experimented with supplementing revenues through an income tax check-off; this mechanism has not proven effective and the President's Committee does not recommend it. Noting the widespread use of lotteries by state governments and the success of the British national lottery in raising large new sums for cultural institutions in the United Kingdom, some advocates propose a national lottery in this country. Massachusetts and a few other states arts agencies receive portions of state lottery funds. Aside from objections by some President's Committee members on ethical grounds to a national lottery, our research showed that lotteries are unpredictable sources of income and often replace appropriated funds rather than provide a new resource. The President's Committee therefore does not recommend a national lottery. Such a lottery would constitute regressive taxation and be a poor public policy choice for subsidizing cultural and educational opportunities for Americans.

The uncertainty of public funding is compelling states and localities to seek new ways to finance their arts and humanities programs. At the same time, budgetary pressures are prompting state and local governments in at least 14 states and the District of Columbia to challenge the tax-exempt status of non-profit institutions generally or to impose payments on them in lieu of taxes. Such trends threaten cultural groups as well as other non-profit organizations.

Actions Recommended:

We call on Congress to:

- Restore federal funding for the National Endowment for the Arts, the National Endowment for the Humanities, and the Institute of Museum and Library Services to levels adequate to fulfill their national roles. Appropriations equal to $2.00 per person by the year 2000 for all three agencies would enable them to exert leadership in cultural development, especially for the Millennium; improve arts and humanities education; preserve our cultural heritage; uphold the federal-state partnership; and develop technology initiatives.
- Enhance the ability of the National Endowments to attract private gifts, which they may currently only accept, by authorizing these agencies to solicit and invest private funds. Last year Congress authorized the Institute of Museum and Library Services to "solicit and invest" private funds, and the Endowments should be afforded the same powers.
- Ensure funding for the national cultural institutions, such as the Library of Congress, the Smithsonian Institution, the John F. Kennedy

Center for the Performing Arts, the National Gallery of Art, and the National Archives, and support greater electronic access to their resources by the public.

- Create a dedicated revenue source to supplement, not replace, existing appropriations for the National Endowment for the Arts, the National Endowment for the Humanities and the Institute of Museum and Library Services. A task force to identify this dedicated source could be organized by the President's Committee.
- Retain the charitable deduction in the federal tax code for gifts to all non-profit organizations and make permanent the deductibility of gifts of appreciated publicly-traded stocks to private foundations.

We challenge the federal agencies with cultural programs to:

- Work more closely together, especially to coordinate their efforts on major national projects such as the Millennium Initiative.

We strongly urge state and local authorities to:

- Respect the tax-exempt status of cultural and other non-profit organizations.
- Sustain and increase state and local appropriations to cultural agencies.
- Adopt tax district measures that have succeeded in other communities.
- Engage arts and humanities agencies, as well as artists and scholars, in state and local planning efforts, including cultural tourism.
- Develop state and local Millennium Initiatives for the arts and the humanities.

EXPANDING INTERNATIONAL CULTURAL RELATIONS

Findings:

International artistic and scholarly exchanges are more important than ever in an age in which ideas, information, and technologies travel freely across national borders. Today our economy is linked to international markets. As a global power active on every continent, the United States has a vital national interest in cultural and scholarly programs that increase our understanding of other cultures and peoples.

As a nation of immigrants, the United States, more than most countries, must cultivate an international approach to culture if we are to understand our own roots. Americans benefit from study and travel abroad. Our schools and colleges must place greater emphasis on international studies and the history, languages and cultures of other nations.

International cultural and educational programs enhance America's ability to lead in a dramatically changing world. Above all, the humanities and the arts transmit American confidence in the free exchange of ideas to strengthen economic, political and diplomatic relationships.

The Fulbright and United States Information Agency (USIA) exchange programs play a critical role in promoting democratic values around the world. These programs have brought future presidents and prime ministers, university presidents and scholars, influential journalists, and business leaders to the United States at crucial stages in their careers. Through the Fulbright program the United States exchanges researchers and teachers with more than 140 nations around the world. In 47 countries, bilateral agreements have created independent Fulbright commissions to select candidates and promote academic exchanges. Many of the participating countries today pay a far greater share of the costs of the program than does the United States, a demonstration of the value other countries place on the Fulbright program.

USIA's Arts America program has promoted the interests of American artists abroad and allowed their works to be seen by foreign audiences, many of whom have no other opportunity to experience American culture. A unique public-private partnership, the Fund for U.S. Artists at International Festivals and Exhibitions, has enabled American artists to participate in important international festivals such as the Venice and São Paulo Biennales. Two private foun-

dations, the Rockefeller Foundation and the Pew Charitable Trust, have joined USIA and the National Endowment for the Arts to support this program.

In recent years, public funding for the Fulbright program, Arts America and other international educational and cultural exchanges has been reduced at a time when private sector contributions are not growing. Cuts in USIA budgets have even resulted in the elimination of some cultural exchange programs.

The President's Committee notes that the National Endowment for the Arts has provided important leadership in stimulating innovative private partnerships with USIA, but that recent budget cuts at NEA have threatened the agency's ability to sustain these valuable exchanges.

The Arts and Artifacts Indemnity Act, by offering guarantees against potential losses in the loan of priceless artworks from other countries, has made it possible, at almost no cost to the taxpayer, for our nation's museums and libraries to mount important international exhibitions.

International historic commemorations offer important opportunities for the United States to recognize the contributions of other countries through special events, exhibitions, and educational programs both here and abroad.

International tourism helps bring the world's peoples into closer communication. Foreign visitors to the United States list America's historical sites and museums among the ten top reasons for their visit. Cultural tourism plays an important role in the economic life of many American cities, but more could be done abroad to promote the cultural attractions of the United States.

Our commercial creative industries are increasingly global in reach. The copyright industries — which include the motion picture, recording, publishing, and computer software industries — constitute one of the largest sources of American exports.

The arts and the humanities can help American corporations understand and do business in other cultures. Funding for exhibits, touring artists, and scholarly exchanges can strengthen business relationships and enhance the acceptance of American products and services.

Actions Recommended:

We call on the President to:

- Convene a White House Forum by 1998 on international educational and cultural programs, including ways to revitalize public-private partnerships.
- Coordinate the Millennium Initiative with millennium commissions in other countries; invite international participation in events planned for 2000 and 2001 in the United States.
- Augment efforts to build and strengthen democratic societies throughout the world by using the arts and the humanities as a crucial component of American foreign policy.

We call on Congress to:

- Restore funding for federal international educational and cultural exchanges, in particular the Fulbright and Arts America programs.

We call on corporations and foundations to:

- Encourage greater sponsorship of international scholarly and cultural programs. We urge American multinational firms to support scholarly research on, and cultural and educational exchanges with, the countries where they do business. Corporate and private foundation executives who exercise leadership in this area could be honored by a White House designation as "cultural ambassadors."

Isaac Stern coaches a young Chinese musician in a scene from the film *From Mao to Mozart: Isaac Stern in China*.
Photo courtesy of the Hopewell Foundation, Inc.

Creative America

CONCLUSION

The United States is heir to a treasure of cultural capital, created by artists and scholars and by an extraordinary range of cultural organizations. Works of our artists and thinkers greatly enrich our lives as individual men and women, our communities and our country. Indeed, it is the heritage of our culture that defines us as Americans and animates our democracy.

The President's Committee values this legacy even as artists, scholars and cultural organizations face uncertain times. *Creative America*, we believe, proposes steps for renewing our national commitment to a vital cultural life as we enter the next century.

We seek to foster an environment where Americans can benefit from a variety of creative expressions and thought and from a cultural climate which inspires broad participation. Such an environment will be substantially enhanced if our schools offer a strong humanities education and if we include the arts in the curriculum. Our cultural life will be nurtured as well by informed citizens dedicated to continuing our traditions of philanthropy and voluntarism; by civic leaders willing to serve and to give; and by private sector contributors committed to support of the arts and the humanities during a time of great change.

A healthy cultural climate will require political leadership that understands how the arts and the humanities can elevate community life. Government policies that promote good design, preserve valuable historic properties, and enhance civic spaces with parks and public art, will benefit us all. To flourish, the arts and the humanities need public policies which encourage art and scholarship, as well as tax laws that stimulate private giving. The contributions to society of artists and scholars merit more recognition. Creative individuals can contribute to public understanding by interpreting their works and by playing their part in community life. A positive cultural environment will be one where the diversity of American culture will be perceived as a source of strength.

The members of the President's Committee deeply believe that the future of the American people will in large part depend upon a renewed commitment to the cultural life of our country. Fortunately, the United States today is prospering. The nation is at peace and although not everyone is sharing in its benefits, the economy is growing. If as a society we value the contributions of the arts and the humanities, we can afford to invest in them. We are rich in resources and spirit: we can afford to champion a Creative America.

Today, we are on the eve of a new century. The arts and humanities are more essential than ever to the endurance of our democratic values of tolerance, pluralism, and freedom, and to our understanding of where we are and where we need to go. At a momentous time in our history like this when so much is happening to change the way we work and live, the way we relate to one another and the way we relate to the rest of the world, we cannot fully understand the past, nor envision the future we need to pursue without the arts and humanities.

President Clinton
Remarks, National Medal of Arts and Frankel Prize awards,
January 9, 1997

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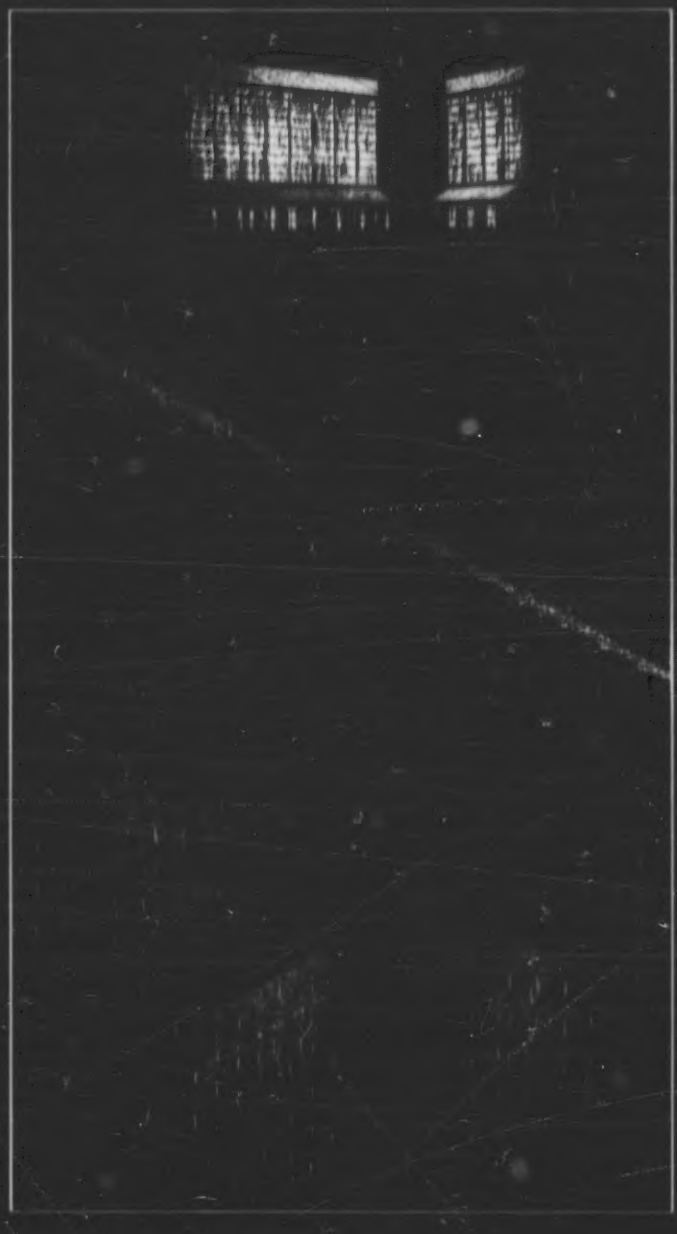

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